

Message Text

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17

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 PA-02

PRS-01 USIA-15 EUR-12 IO-10 OES-05 FEA-01 INT-05 /127 W
----- 037774

R 132030Z MAR 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8127

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 1886

E.O. 11652: N/A

TAGS: EFIN, BR

SUBJECT: FINANCE MINISTER SIMONSEN'S TRIP TO EUROPE

1. SUMMARY: FINANCE MINISTER SIMMONSEN RETURNED
FROM TRIP TO EUROPE ENCOURAGED BY "IMPROVED
INTERNATIONAL ATMOSPHERE" AND HOPEFUL ABOUT BRAZILIAN
PROSPECTS TO BORROW FROM THE EURODOLLAR MARKET DURING 1975.
END SUMMARY.

2. FINANCE MINISTER SIMMONSEN TOURED VARIOUS EUROPEAN
CAPITALS DURING WEEK OF MARCH 3-7 TALKING TO BANKERS AND
INDUSTRIALISTS, TRYING TO STIMULATE INVESTORS'
INTEREST IN BRAZIL. SINCE BRAZIL WILL NEED TO CONTINUE TO RELY
HEAVILY THIS YEAR ON THE EURODOLLAR MARKET TO FINANCE ITS
CURRENT ACCOUNT DEFICIT, BRAZILIAN OFFICIALS HAVE REPORTEDLY
DECIDED TO MAKE A COORDINATED, PLANNED APPROACH FOR FUNDS TO
THAT MARKET. SIMONSEN'S TRIP WAS DESIGNED TO SET THE STAGE.
LOWER LEVEL VISITS ARE EXPECTED TO FOLLOW.

3. GIVEN THE NATURE OF THE TRIP, NO MAJOR RESULTS WERE
EXPECTED AND NONE WERE ANNOUNCED. SIMONSEN DID INDICATE,
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HOWEVER, THAT HE WAS ENCOURAGED BY THE "IMPROVED INTERNATIONAL

ATMOSPHERE." HE ALSO CLAIMED THAT BRAZIL'S FIVE-YEAR TERM REQUIREMENTS ON FOREIGN FINANCIAL LOANS ARE CONSIDERED EXTREMELY SENSIBLE BY EUROPEAN BANKERS. HE OPINED THAT, IF CURRENT CONDITIONS PERSIST FOR A LONG TIME, BRAZIL MAY EVEN THINK IN TERMS OF LONGER MATURITIES. HE SAID EUROPEAN BANKERS ARE NOT INTERESTED IN VERY SHORT-TERM CREDITS AND PREFER MEDIUM-TERM LENDING.

4. SIMONSEN SAID EUROPEAN BANKERS EXPRESSED THE GREATER INTEREST IN THREE ASPECTS OF BRAZILIAN POLICIES: (A) BRAZILIAN EFFORTS TO IMPROVE THE BALANCE OF PAYMENTS; (B) BRAZILIAN ATTEMPTS TO CONTROL DOMESTIC INFLATION AND (C) THE NEW MINERAL DISCOVERIES, PARTICULARLY OIL.
CRIMMINS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ITINERARY, AMITY, MINISTERIAL MEETINGS, EURODOLLAR MARKET
Control Number: n/a
Copy: SINGLE
Draft Date: 13 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BRASIL01886
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750089-0241
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750356/aaaabxqt.tel
Line Count: 75
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 JUN 2003 by SilvaL0>; APPROVED <27 FEB 2004 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINANCE MINISTER SIMONSEN'S TRIP TO EUROPE
TAGS: EFIN, OVIP, BR, XG, (SIMONSEN, WILLIAM)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006